EXPLANATION TO
THE NOTIFICATION DATED 29.10.2026
ON
ESCALATION FACTORS AND OTHER PARAMETERS

In pursuance of Clause 5.6 (vi) of Ministry of Power's Notification on "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees" dated 19.01.2005, as amended from time to time, and in pursuance of paragraph 5.4 and paragraph 5.5 of Ministry of Power's Resolution dated 22.07.2020 on "Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-the-Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from Coal Based Thermal Power Projects" read with amendment dated 03.11.2020, the Central Electricity Regulatory Commission (CERC) notifies various escalation factors and other parameters, every six months, for the purpose of payment. The escalation factors and other parameters are as under:

i. Escalation rate for domestic coal
ii. Escalation rate for domestic gas
iii. Escalation rates for different escalable sub-components of energy charge for plants based on imported coal
iv. Escalation rates for inland transportation charges for coal
v. Escalation rates for inland transportation charges for gas
vi. Escalation rate for different escalable sub-components of energy charge for plants based on imported gas
vii. Inflation rate to be applied to indexed capacity charge component
viii. Inflation rate to be applied to indexed energy charge component in cases of captive fuel source

2. The escalation factors and other parameters have been computed based on the methodology/explanation published along with the notification dated 22.11.2006 and 3.7.2009, CERC Order dated 23.12.2013 in Petition No.308/SM/2013, CERC Order dated 18.10.2019 in Petition No.10/SM/2019, CERC Order dated 15.01.2020 in Petition No.11/SM/2019, CERC Order dated 29.5.2021 and its Addendum dated 6.4.2022 in Petition No.7/SM/2021, and CERC Order dated 25.9.2023 in Petition No. 12/SM/2023 (see CERC website www.cercind.gov.in for details). Following the same, the escalation

factors and other parameters for payment have been computed for the present notification.

3. Escalation Factors and other parameters for Payment

The annual escalation rates for payment have been computed based on the latest available twelve-month data. The steps followed while computing the escalation rates are as under.

Step 1: Average index values for the appropriate six-month period are computed.

Step 2: A half-yearly escalation rate is computed based on the average six-month index.

Step 3: The annual escalation rate is computed by multiplying the half-yearly escalation rate by two.

Step 4: The annual escalation rate for parameters that require combining two or more series in a pre-determined proportion has been determined by combining each data point of two or more series in the pre-determined proportion to arrive at a composite new single series, and then the annual escalation rate has been determined.

(1) Escalation Rate for Domestic Coal

The escalation rate for domestic coal for payment has been computed based on the data on the Coal Price Index of CERC (Base: 2022-23=100) for the period from September 2025 to August 2026.

Table-1: ESCALATION RATE FOR DOMESTIC COAL

Period	CERC Coal Price Index (2022-23=100)
Sep-25	103.9
Oct-25	103.9
Nov-25	103.9
Dec-25	103.9
Jan-26	103.9
Feb-26	103.9
Mar-26	103.9
Apr-26	103.9
May-26	103.9
Jun-26	103.9
Jul-26	103.9
Aug-26	103.9
Average Index (Sep 25-Feb 26)	103.90
Average Index (Mar 26-Aug 26)	103.90
Half-Yearly Inflation	0.00%
Annual Inflation	**0.00%**

The above computed annual inflation (0.00%) is notified as an escalation rate for domestic coal for payment.

(2) Escalation Rate for Domestic Gas

The escalation rate for domestic gas has been computed based on the consumer price data for the period from July 2025 to June 2026. The data has been collected from GAIL (India) Ltd. A composite index, assigning a weight of 90% to Consumer Price offshore and 10% to Consumer Price for North-Eastern States, has been developed and used for computing the escalation rate for domestic gas as under:

Table-2: ESCALATION RATE FOR DOMESTIC GAS			
Period	**Consumer Prices Off-shore (Landfall point and On-shore) (Rs./'000' cubic metre)**	**Consumer Prices for North-Eastern States (Rs./'000' cubic metre)**	**Composite Index***
Jul-25	20925.85	12555.51	20088.8
Aug-25	21266.97	12760.18	20416.3
Sep-25	21462.39	12877.43	20603.9
Oct-25	21485.19	12891.11	20625.8
Nov-25	20945.08	12567.05	20107.3
Dec-25	21016.49	12616.38	20176.5
Jan-26	20429.79	12257.88	19612.6
Feb-26	20283.79	12183.34	19473.7
Mar-26	22540.87	13524.52	21639.2
Apr-26	23574.66	14144.80	22631.7
May-26	24090.57	14454.34	23126.9
Jun-26	23932.33	14359.40	22975.0
Average Index (Jul 25-Dec 25)			20336
Average Index (Jan 26-Jun 26)			21577
Half-Yearly Escalation			6.10%
Annual Escalation			**12.20%**
* Composite index using weight of 90% to Consumer Price Off-shore and 10% to consumer price North-Eastern States.			

The annual escalation rate computed in the above table (12.20%) is notified as the escalation rate for domestic gas for payment.

(3) Escalation Rate for different escalable sub-components of energy charge for plants based on imported coal

(3.1) Escalation Rate for Imported Coal

The escalation rate for imported coal for payment has been computed based on the price of South African Coal, Australian Coal, and Indonesian Coal for the period from September 2025 to August 2026, as per the revised formula for the composite index for imported coal specified by CERC in Order dated 25th September 2023 in Petition No. 12/SM/2023, is as under:

Table-3.1: ESCALATION RATE FOR IMPORTED COAL

Component Index	Data Series	Annual Escalation Rate
Composite series using weight of 25% to API-3 (Price of South African Coal,), 10% to API-5 (Price of Australian Coal), 16.25% to Argus ICI-3 (Price of Indonesian Coal), 16.25% to Argus ICI-4 (Price of Indonesian Coal), 16.25% to Platts CI 5000 GAR (Price of Indonesian Coal) and 16.25% to Platts CI 4200 GAR (Price of Indonesian Coal).	Weekly/Daily data from September 2025 to August 2026	58.76%

The annual escalation rate computed in the above table (58.76%) is notified as an escalation rate for imported coal for payment.

(3.2) Escalation Rate for Transportation of Imported Coal

The escalation rate for transportation of imported coal for payment has been computed based on the price of LSFO published by Clarksons Research [VLSFO Price at Singapore, basis maximum Sulphur content of 0.5% ($/t)] for the period from September 2025 to August 2026 as under:

Table-3.2: ESCALATION RATE FOR TRANSPORTATION OF IMPORTED COAL

Component Index	Data Series	Annual Escalation Rate
Singapore Bunker Price (VLSFO price, basis maximum sulphur content of 0.5%) ($/t)	Weekly data from September 2025 to August 2026	146.95%

The annual escalation rate computed in the above table (146.95%) is notified as the escalation rate for the transportation of imported coal for payment.

(3.3) Escalation Rate for Inland Handling of Imported Coal

The escalation rate for inland handling of imported coal was computed based on the data on WPI-all commodities and CPI-IW for the period from July 2025 to June 2026. A composite index, based on WPI-all commodities with 60% weight and CPI-IW with 40% weight, has first been developed, which has then been used for computing the escalation rate. The data on WPI and CPI-IW has been taken from the websites of the Ministry of Commerce & Industry and the Labour Bureau, respectively. Consequent to the release of the revised series of WPI with Base Year 2022-23 by the Ministry of Commerce & Industry in June 2026, the WPI data used for computing the escalation rate is based on the revised series of WPI. The escalation rate for inland handling of imported coal has been computed as under:

Table-3.3: ESCALATION RATE FOR INLAND HANDLING OF IMPORTED COAL

Period	**WPI (Base 2022-23=100)**	**CPI-IW (Base 2016=100)**	**Composite Index***
Jul-25	100.2	146.5	118.7
Aug-25	100.8	147.1	119.3
Sep-25	101.0	147.3	119.5
Oct-25	100.9	147.7	119.6
Nov-25	101.5	148.2	120.2
Dec-25	101.9	148.2	120.4
Jan-26	102.3	148.6	120.8
Feb-26	103.1	148.5	121.3
Mar-26	104.6	149.1	122.4
Apr-26	108.9	149.9	125.3
May-26	110.1	150.8	126.4
Jun-26	110.3	151.9	126.9
Average Index (Jul 25-Dec 25)			119.63
Average Index (Jan 26- Jun 26)			123.85
Half-Yearly Inflation			3.53%
Annual Inflation			**7.06%**
*Composite index using weight of 60% to Wholesale Price Index (WPI) and 40% to Consumer Price Index (CPI).			

The annual inflation computed in the above table (7.06%) is notified as an escalation rate for inland handling of imported coal for payment.

(4) Escalation rates for inland transportation charges for coal

The escalation for inland transportation charges for coal has been computed based on coal freight rate data (Rs./Tonne) for the period from July 2025 to June 2026. The data has been collected from the Ministry of Railways. Based on the availability of data from the Ministry of Railways, the data on coal freight rates for 100 km, 125 km, 500 km, 1000 km, 2000 km, and 3000 km has been used for computing the escalation rate for inland transportation charges for coal for a distance up to 100 km, up to 125 km, up to 500 km, up to 1000 km, up to 2000 km and beyond 2000 km respectively. The escalation rate for inland transportation charges of coal for payment has been computed as under:

Table-4: ESCALATION RATE FOR INLAND TRANSPORTATION CHARGES FOR COAL

Period	Coal Freight Rate for 100 km	Coal Freight Rate for 125 km	Coal Freight Rate for 500 km	Coal Freight Rate for 1000 km	Coal Freight Rate for 2000 km	Coal Freight Rate for 3000 km
Jul-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Aug-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Sep-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Oct-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Nov-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Dec-25	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Jan-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Feb-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Mar-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Apr-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
May-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Jun-26	216.0	389.6	1054.7	1891.8	3065.7	3787.9
Average Rate (Jul 25- Dec 25)	216.00	389.60	1054.70	1891.80	3065.70	3787.90
Average Rate (Jan 26 to Jun 26)	216.00	389.60	1054.70	1891.80	3065.70	3787.90
Half-Yearly Escalation Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Escalation Rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

The annual escalation rates computed in the above table (0.00% applicable up to 100 km, 0.00% applicable up to 125 km, 0.00% applicable up to 500 km, 0.00% applicable up to

1000 km, 0.00% applicable up to 2000 km and 0.00% applicable beyond 2000 km) are notified as annual escalation rates for inland transportation charges of coal for payment.

(5) Escalation rate for inland transportation charges for gas

CERC has been computing the escalation rate for inland transportation charges for gas using the transportation charges of gas along the HVJ pipeline charged by GAIL/ GAIL Integrated, based on the zonal tariff for individual pipelines notified by PNGRB. The average of the zonal tariff (Zones 1 to 4) was used for computing the escalation rates. PNGRB, vide its Order dated 29.3.2023, notified zone-wise Unified Tariff for 20 connected natural gas pipelines, which are now part of the National Gas Grid, which shall be charged to customers. The Unified Tariff for consumers for different tariff zones was based on distance, viz., Zone-1: 300 km, Zone-2: 300-1200 km, and Zone-3: >1200 km. However, PNGRB, vide Press Release dated 16 December, 2025, reduced the number of tariff zones from three to two, i.e., up to 300 km and beyond 300 km. Consequently, PNGRB notified the tariff rates effective from 1.1.2026 for two zones, viz., Zone-1: up to 300 km and Zone-2: 300 km and beyond.

Consequent to the above developments and based on the availability of data, the zone-wise Unified Tariff for the period from July 2025 to June 2026 has been used to compute the escalation rate for inland transportation charges for gas. Since the data used for computing the escalation rates, i.e., July 2025 to June 2026, spans over two different tariff zone regimes adopted by PNGRB, the Unified Tariff for consumers is considered based on three tariff zones, viz., Zone-1: 300 km, Zone-2: 300-1200 km, and Zone-3: >1200 km. The Unified Tariff rate for the period July 2025 to December 2025 is as per the applicable tariff rates for three different zones during the effective period, and the tariff rates w.e.f. January 2026 to June 2026 are based on the reduced tariff zones having the same rates for distance of 300 km and above. The present approach ensures consistent coverage of effective rates across different tariff zones, and shall be reviewed from time to time based on the amendments in tariff zones classification by PNGRB.

Table-5: ESCALATION RATE FOR INLAND TRANSPORTATION CHARGES FOR GAS

Period	Unified Tariff (Rs./1000 SCM)		
	Zone-1 (300 Kms)	Zone-2 (300-1200 Kms)	Zone- 3 (above 1200 Kms)
Jul-25	1513.44	2882.88	3843.72
Aug-25	1513.44	2882.88	3843.72
Sep-25	1513.44	2882.88	3843.72

Oct-25	1513.44	2882.88	3843.72
Nov-25	1513.44	2882.88	3843.72
Dec-25	1513.44	2882.88	3843.72
Jan-26	1944.00	3702.96	3702.96
Feb-26	1944.00	3702.96	3702.96
Mar-26	1944.00	3702.96	3702.96
Apr-26	1944.00	3960.72	3960.72
May-26	1944.00	3960.72	3960.72
Jun-26	1944.00	3960.72	3960.72
Average Rate (Jul 25-Dec 25)	1513.44	2882.88	3843.72
Average Rate (Jan 26-Jun 26)	1944.00	3831.84	3831.84
Half-Yearly Escalation Rate	28.45%	32.92%	-0.31%
Annual Escalation Rate	**56.90%**	**65.83%**	**-0.62%**

The annual escalation rates computed in the above table (56.90% applicable for Zone-1 for 300 km, 65.83% applicable for Zone-2 from 300-1200 km and -0.62% applicable for Zone-3 above 1200 km) are notified as the escalation rate for inland transportation charges for gas for payment.

(6) Escalation rate for different escalable sub-components of energy charge for plants based on imported gas

6.1 Escalation rate for imported gas

The escalation rate for imported gas for payment has been computed based on the Japan/ Korea Marker (JKM) for the period from September 2025 to August 2026. The data has been subscribed to from S&P Global Platts. The computation of the escalation rate for imported gas can be seen in the following table.

Table-6.1: ESCALATION RATE FOR IMPORTED GAS

Component Index	Data Series	Annual Escalation Rate
LNG Japan/Korea DES Spot Crg ($/Mmbtu)	Daily data from September 2025 to August 2026	156.58%

The annual escalation rate computed in the above table (156.58%) is notified as an escalation rate for imported gas for payment.

6.2 Escalation rate for transportation of imported gas

The escalation rate for transportation of imported gas for payment has been computed based on the price of LSFO published by Clarksons (VLSFO Price at Singapore, basis maximum Sulphur content of 0.5% ($/t)) for the period from September 2025 to August 2026. The escalation rate for the transportation of imported gas has been computed as under:

Table-6.2: ESCALATION RATE FOR TRANSPORTATION OF IMPORTED GAS

Component Index	Data Series	Annual Escalation Rate
Singapore Bunker Price (VLSFO price, basis maximum sulphur content of 0.5%) ($/t)	Weekly data from September 2025 to August 2026	146.95%

The annual escalation rate computed in the above table (146.95%) is notified as the escalation rate for the transportation of imported gas for payment.

6.3 Escalation rate for inland handling of imported gas

The escalation rate for inland handling of imported gas was computed based on the data on WPI-all commodities and CPI-IW for the period from July 2025 to June 2026. A composite index, based on WPI with 60% weight and CPI-IW with 40% weight, has first been developed, which has then been used for computing the escalation rate. The data on WPI and CPI-IW were taken from the website of the Ministry of Commerce & Industry and the Labour Bureau, respectively. Consequent to the release of the revised series of WPI with Base Year 2022-23 by the Ministry of Commerce & Industry in June 2026, the WPI data used for computing the escalation rate is based on the revised series of WPI. The escalation rate for inland handling of imported gas has been computed as under:

Table-6.3: ESCALATION RATE FOR INLAND HANDLING OF IMPORTED GAS

Period	WPI (Base 2022-23=100)	CPI-IW (Base 2016=100)	Composite Index*
Jul-25	100.2	146.5	118.7
Aug-25	100.8	147.1	119.3
Sep-25	101.0	147.3	119.5
Oct-25	100.9	147.7	119.6
Nov-25	101.5	148.2	120.2
Dec-25	101.9	148.2	120.4
Jan-26	102.3	148.6	120.8
Feb-26	103.1	148.5	121.3

Mar-26	104.6	149.1	122.4
Apr-26	108.9	149.9	125.3
May-26	110.1	150.8	126.4
Jun-26	110.3	151.9	126.9
Average Index (Jul 25-Dec 25)			119.63
Average Index (Jan 26- Jun 26)			123.85
Half-Yearly Inflation			3.53%
Annual Inflation			**7.06%**
*Composite index using weight of 60% to Wholesale Price Index (WPI) and 40% to Consumer Price Index (CPI).			

The annual inflation computed in the above table (7.06%) is notified as the escalation rate for inland handling of imported gas.

(7) Inflation Rate to be applied to Indexed Capacity Charge Component

The inflation rate to be applied to the Indexed Capacity Charge Component has been computed based on the data on WPI-all commodities and CPI-IW for the period from July 2025 to June 2026. A composite Index, based on WPI with 60% weight and CPI-IW with 40% weight, has first been developed, which has then been used for computing the escalation rate. The data on WPI and CPI-IW has been taken from the websites of the Ministry of Commerce & Industry and the Labour Bureau, respectively. Consequent to the release of the revised series of WPI with Base Year 2022-23 by the Ministry of Commerce & Industry in June 2026, the WPI data used for computing the escalation rate is based on the revised series of WPI. The inflation rate has been computed as under:

Table-7: INFLATION RATE TO BE APPLIED TO INDEXED CAPACITY CHARGE COMPONENT

Period	WPI (Base 2022-23=100)	CPI-IW (Base 2016=100)	Composite Index*
Jul-25	100.2	146.5	118.7
Aug-25	100.8	147.1	119.3
Sep-25	101.0	147.3	119.5
Oct-25	100.9	147.7	119.6
Nov-25	101.5	148.2	120.2
Dec-25	101.9	148.2	120.4
Jan-26	102.3	148.6	120.8
Feb-26	103.1	148.5	121.3
Mar-26	104.6	149.1	122.4
Apr-26	108.9	149.9	125.3
May-26	110.1	150.8	126.4
Jun-26	110.3	151.9	126.9
Average Index (Jul 25-Dec 25)			119.63

Average Index (Jan 26- Jun 26)	123.85
Half-Yearly Inflation	3.53%
Annual Inflation	**7.06%**
*Composite index using weight of 60% to Wholesale Price Index (WPI) and 40% to Consumer Price Index (CPI).	

The annual inflation computed in the above table (7.06%) is notified as the Inflation Rate to be applied to the Indexed Capacity Charge Component.

(8) Inflation Rate to be applied to indexed energy charge component in cases of captive fuel source

Using the Consumer Price Index for Industrial Workers (CPI-IW) and Wholesale Price Index for all commodities and disaggregated items used in captive mining for the period from July 2025 to June 2026, the inflation rate to be applied to the indexed energy charge component in cases of captive fuel source has been computed. Consequent to the release of the revised series of WPI with Base Year 2022-23 by the Ministry of Commerce & Industry in June 2026, the WPI data used for computing the inflation rate is based on the revised series. Further, in the revised series of WPI (Base Year 2022-23), the item "Truck & Bus Tyres" is classified under the Sub-group "Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres", replacing the item "Medium and Heavy Commercial Vehicle Tyre" used in the WPI 2011-12 series. Consequent changes have been made for computing the inflation rate to be applied to the indexed energy charge component in cases of captive fuel source.

Before computing the inflation rate, the composite index has been arrived at by assigning a weight of 10% to WPI-all commodities; 20% to CPI-IW; 10% to WPI- Truck & Bus Tyres; 10% to WPI- Manufacture of other chemical products; 25% to WPI-Machinery & Equipment; and 25% to WPI-HSD Oil and the same has been used for computing the inflation rate.

Table-8: INFLATION RATE TO BE APPLIED TO INDEXED ENERGY CHARGE COMPONENT IN CASE OF CAPTIVE MINE COAL SOURCE

Period	WPI-all commodities (Base 2022-23=100)	CPI-IW (Base 2016=100)	Wholesale Price Index				Composite Index*
			Truck & Bus Tyres	Manufacture of other chemical products	Manufacture of Machinery and Equipment	High Speed Diesel Oil	
Jul-25	100.2	146.5	102.8	87.3	103.3	84.2	105.21

Aug-25	100.8	147.1	102.5	86.4	103.7	84.4	105.42
Sep-25	101.0	147.3	102.6	86.2	103.7	84.1	105.39
Oct-25	100.9	147.7	101.4	87.6	103.6	84.6	105.58
Nov-25	101.5	148.2	102.2	87.0	103.5	84.8	105.79
Dec-25	101.9	148.2	100.6	86.9	103.8	84.6	105.68
Jan-26	102.3	148.6	100.1	87.1	103.9	83.4	105.50
Feb-26	103.1	148.5	99.5	87.1	104.3	84.3	105.82
Mar-26	104.6	149.1	99.3	89.7	104.3	89.8	107.71
Apr-26	108.9	149.9	99.1	97.5	105.1	102.4	112.41
May-26	110.1	150.8	101.7	97.9	105.3	105.1	113.73
Jun-26	110.3	151.9	102.6	95.9	105.5	109.9	115.11
Average Index (Jul 25- Dec 25)							105.51
Average Index (Jan 26- Jun 26)							110.04
Half-Yearly Inflation							4.30%
Annual Inflation							**8.60%**
*Composite Index using weight of 10% to Wholesale Price Index (WPI), 20% to Consumer Price Index (CPI), 10% to WPI- Truck & Bus Tyres, 10% to WPI-Manufacture of other chemical products, 25% to WPI-Machinery & Equipment and 25% to WPI-HSD Oil.							

The annual inflation computed in the above table (8.60%) is notified as the inflation rate to be applied to indexed energy charge components in cases of captive fuel sources.

4. The data series for API-3, API-5, Argus ICI-3, Argus ICI-4, Platts CI, Platts JKM, and Singapore VLSFO Bunker Fuel Price Index have been analysed by CERC. The data is not available for public dissemination because it is paid for and sourced through a single-user subscription.

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